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A STUDY OF CORPORATE CULTURE TOWARDS INDIAN ORGANISATIONAL PERFORMANCE

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Abstract

A few studies have dealt with work attitudes and work behavior as intervening variables with regards to the relationship between organizational culture and organizational performance. Therefore, the purpose of this research is to develop and test a theoretical framework that combines organizational culture in relationship to work related attitudes, work behavior as intervening variables and organizational performance as a dependent variable. The Structural Equation Modeling results show that both work-related attitudes and work behavior can be seen as related to organizational performance. Meanwhile the structural equation model apparently eliminates the relationship between organizational culture and performance. Corporate culture has a subtle but pervasive influence on companies and their leaders. It has an important bearing on organization's performance. It affects leadership/ managerial ability to make needed organizational improvements. Rapid globalization is resulting in organizations having workforce from diverse cultures. In response to the challenges of the new business environment in 21st century, business organizations are forming strategic alliances to remain competitive. This upheaval puts an unprecedented pressure on employees to adjust to the new environment and the values arising out of it. Since, culture is deeply rooted in an organization, any new action, or initiative is very carefully and critically observed and analyzed through the lens of existing culture. Cultures that can help organizations anticipate and adapt to the environment changes will be associated with superior performance over long period.

KEYWORDS: Corporate Culture, Indian Organisational, Performance, organizational culture.

INTRODUCTION

An organization's culture, which is its soul, comprises the collective values of the individuals that make up the organisation. Each individual has his/her beliefs that translate into personal values which, expressed collectively, shape an organization's culture. Culture also operates as a 'social control system'. It communicates how things ought to be and defines the "unwritten rules of the game" [1]. Culture can be felt in the implicit rules and expectations of behaviour wherein employees know what is expected of them, even in the absence of written rules [2]. A clear understanding of organisational culture is

important for all organisational managers and leaders because it influences the way their organisations react to the changing demands of the business environment. At any given time, the culture of an organisation is strongly influenced by the past successes and past learning's about how to adapt and survive. As the business environment changes, leaders must constantly anticipate the necessary changes and actively monitor the relationship between the demands of the environment and the capabilities of the organisation. However, most successful changes also require changes in mindset, in values and in behaviours of



organisation members. Without creating these changes, changes in basic capabilities of the organisation are impossible. Many organisations are discovering that successful change requires careful attention to the 'soft' side of organisations – the values and beliefs that are the 'heart of the company', the policies and practices that put those values into action, and the importance of teaching organisational members an understanding of how they create value for their customers [3].

Organisational culture has been perceived to have a great impact on a range of organizationally and individually desired outcomes [4]. When organisation members identify with the culture, the work environment tends to be more enjoyable, boosting morale. This leads to increased levels of team work, sharing of information and openness to new ideas [5]. Organisational cultures also affects the way in which people consciously and subconsciously think, make decisions and ultimately the way in which they perceive, feel and act [6]. [7] Found that three measures of organisational culture (top management support, ethical behaviour and career success) are positively associated with commitment of employees. Similarly, [8] found that employees' personal belief in organisational culture had a direct effect on commitment with increased empowerment. In a recent study of R&D professionals in India [5] found that organisational culture had a significant role in creating or removing learned helplessness. In the light of the importance of organisational culture to managers and leaders in a changing business context and its possible impact on organisational outcomes, this study empirically examines the organisational ethos of Indian organisations in various sectors, an area which, although quite significant, is still under researched. The rest of this paper is organised as follows: The next section reviews

the literature on organisational culture, especially in the Indian context. This is followed by a development of the objectives and the methodology of the study. The results and discussions are described next, while the final section gives the conclusions emanating from the study.

Recent literature proved that management of human resource in company has become an increasingly important for firm performance and business vision achievement. Employees are considered as valuable assets to an organization, which require effective management of these employees in firms. A lot of research in organizational theory has focused on developed countries; 95 percent and whereas only 5 percent of the studies testing organizational theories are found to be done in developing countries in spite of the highly dynamic environment. A number of scholars have questioned the applicability of western management practices in developing countries and since long time it has also been recognized that culture is a main source of difference in performance management practices [9]. Many researchers have called to investigate the phenomenon of organizational culture in different cultural context particularly in nonwestern nations. Therefore the first purpose of this paper is to find out whether management models of organizational culture and performance management are applicable in the context of India, a developing country.

Organizational Culture

Having established that organizational culture comprises a range of complex social phenomena, it is not surprising that scholars have identified corporate culture as a multi-layered construct which can be divided into layers according to these phenomena's observability and accessibility. Organizational culture has been defined as patterns of shared



values and beliefs over time which produces behavioral norms that are adopted in solving problems. The organization's internal environment is represented by its culture and is construed by the assumptions and beliefs of the managers and employees. Organizational Culture manifested in beliefs and assumptions, values, attitudes and behaviors of its members is a valuable source of firm's competitive advantage since it shapes organizational procedures, unifies organizational capabilities into a cohesive whole, and provides solutions to the problems faced by the organization, and, thereby, hindering or facilitating the organization's achievement of its goals.

Performance Management

"Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors". It supports the rationale that people and not capital provide organizations with a competitive advantage. The purpose of performance management is to transform the raw potential of human resource into performance by removing intermediate barriers as well as motivating and rejuvenating the human resource. Competitive capacity of organization can be increased by building strong people and effectively managing and developing people which is in essence performance management.

RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND PERFORMANCE MANAGEMENT

The key to good performance is a strong culture. He further maintains that due to difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the

same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore organizational culture has an active and direct role in performance management [11].

JOB SATISFACTION AND ASSOCIATED WORK BEHAVIOR

Job Satisfaction is a topic of wide interest to both people who work in organisations and people who study them. In fact, it is the most frequently studied variable in organisational behaviour research [10]. According to Greenberg, job satisfaction can be defined as individuals' cognitive, affective, and evaluative reactions towards their jobs. Similarly, according to Spector, job satisfaction is simply how people feel about their jobs and different aspects of their jobs. According to Luthans although most people assume a positive relationship between job satisfaction and employee's performance or productivity, the evidence from researches indicates that there is no strong linkage between satisfaction and productivity and that there is a moderate relationship between satisfaction and turn over, yet the indication from researches indicate a strong inverse relationship between job satisfaction and absenteeism. More importantly, according to Spector, concerns have been raised that both physical and psychological health might be influenced by job attitudes. Individuals who dislike their jobs could experience adverse health outcomes. These outcomes include both physical symptoms and psychological problems. It has also been suggested that job dissatisfaction results in a shortened lifespan. Thus high levels of dissatisfaction might indicate to managers that problems exist, with



working conditions, the reward system, or the employees' roles in the organisation.

ORGANISATION COMMITMENT AND ASSOCIATED WORK BEHAVIOUR

According to Luthans organisational commitment is important factor to understand and predict organisational behaviour. According to [11] commentators typically describe the committed employee as one who stays with the organisation through thick and thin, attends work regularly, puts in a full day, protects company assets, shares, company goals, and so on. In view of the above, Meyer and Allen believe that considerable evidence across a wide variety of samples and performance indicators suggests that employees with strong affective commitment to the organisation will be more valuable employees than those with weak commitment. As with continuance and normative, employees who believe that strong costs are associated with leaving their organisation are unlikely to do so, while research evidence shows that Affective commitment by an employee to his/her organisation is the strongest and most consistent relation among the three different components of commitments with desirable outcomes.

Specifically they found that five organisational climate variable (communication, decision making, leadership motivation, and goal-setting) were significant predictors of organisational commitment. Argue that empirical research on organisational commitment generally has shown commitment to be a significant predictor of turnover. Similarly, Luthans, research's findings support a relationship between organisational commitment and some desirable outcomes such as employee performance, turn over, and absenteeism.

ORGANISATIONAL CULTURE IN THE INDIAN CONTEXT

India is one of the fast growing economies in Asia. Several organisations outside India have been evincing interest in the country but not much research has been done so far to throw light on effective management practices in the Indian context. Indian work culture indicates that high-power distance, collectivism and affective reciprocity are major cultural values of Indian managers. [12] Study suggests that transformational leadership does not manifest in the same set of behaviours in the Indian cultural context as it does in the Western world. In addition, a criticism against is that he treated large nations like India as single units. Authors on Indian culture have noted the diverse elements that are part of the culture, but have highlighted an underlying unity behind that diversity. Context sensitivity is basically a thinking principle or a mind-set that is cognitive in nature and it determines the adaptive nature of an idea or behaviour in context. Balancing is a behavioural disposition to avoid extremes and to integrate or accommodate diverse considerations. Context sensitivity mindset and balancing disposition in Indian culture suggests that Indian managers have the potential to integrate, blend and accommodate traditional values and western management practices in order to render their organisations effective in the face of global competition.

ORGANISATIONAL CULTURE AND ITS IMPACT ON EMPLOYEE PERFORMANCE IN I.T. SECTOR

The term culture is stated as the set of values, customs, beliefs and behaviors that are commonly followed by the society. The relevance of this definition provides that it facilitates the progress in selection to swift the prospect for portion creative talent, testing and



risk enchanting. The main aim of this article is to study the different types of cultures in an organisation and to study the relationship between organizational culture and organizational performance [13]. Although the writing on organisational culture and its alliance with organizational performance is wealthy varied, there is a small amount of study really examine the concept of this connection. Culture has been set up as a main factor to be considered through in organizational life along with its positive impact on the success of the organizational performance. Another definition states that organization culture is that the "shared values, morals held by employees within an organization or the organization unit". Because it is evolved through the organization culture in array to sway the behavior and attitude of the employees. Organisational culture depends on views and characteristics of the employees working in the organization [14]. Each organization is different from one another. If an Organizational culture is strong then its growth and performance will be high. Organizational culture highly depends on certain factors such as what kind of culture the organization follows such as clan, adhocracy, market culture of the employees working in the organisation, and performance. Results of Correlation and Frid man tests reveal that there is a significant correlation between organisational cultures and learning organisations. In adding up the study has found that clan culture has a high correlation coefficient, but adhocracy culture has the maximum grade among diverse types of cultures.

ORGANIZATIONAL CULTURE ON ORGANIZATIONAL PERFORMANCE IN TELECOM SECTOR

Organizational development has some particular features that can increase

sustainability on basis of effectiveness. The enhancement in performance contributes to employee commitment while norms, values and objectives contribute in enhancing the culture of an organization. Most of us contribute a great part of their time in organizations. The study of Geert Hofstadter indicates that cultural differences among nations are found specifically on the greatest level; that is on the level of values. By comparing cultural differences between organizations are specifically identified on the basis of practices. In comparison with values, practices are more tangible. "Organizational Culture can be defined as "the collective programming of the mind that distinguishes the members of one organization from others". Searches for distinctions among 160 000 IBM employees in 50 various countries moreover in three regions of the world, in order to search different elements of culture that can affect the organizational behavior. He provides reasons for cultural differences that may exist in different regions, as well as the significance of international awareness and multiculturalism for the individual cultural introspection. Cultural differences reveal distinctions in thinking and social action, and even in "mental programs", some sort of term Hofstede uses for expected behaviour. Hofstede correlates culture to ethnic as well as regional groups, but additionally to organizations, profession, family, to community as well as subcultural groups, political systems and legal guidelines, This specific research acknowledged systematic variations in national culture with four dimensions: power distance (PDI), individualism (IDV), uncertainty avoidance (UAI) and masculinity (MAS) (Hofstede, Wikipedia.org). In 1998 Hofstede and Bond determined 5th dimension in which short and long term orientations of 23 countries are identified. The organizational behaviour which is related to practitioner's values and beliefs is based on culture elements and norms that



influence personality and performance of organization. The cultural elements and personality effects behaviour and sustainability of organization the strong relationship of culture has been identified in the model produced which represents the 38 countries research. Organizational performance is comprised of the actual output or results of an organization as measured against its intended outputs (or goals and objectives). One of the most important reasons that explain the interest in organizational culture is the assumption that certain organizational cultures lead to an increase in organizational performance. Organizational performance comprises the actual productions as well as outcomes or outcomes of an organization which are measured against its expected outcomes. According to (Kaplan & Norton,) no single measure can provide a clear performance target....so managers have to choose between financial and operational measures. In this study Items from balance score card are used to measure the organizational performance. These dimensions of the Balance Score card include

1. Financial perspective;
2. Customer perspective;
3. Internal business perspective
4. Learning Perspective.

Organizational Culture is the most important variable that influences the organizational performance. The purpose of this study is to examine the impact of organizational culture on organizational performance in different franchises of Bahawalpur based Telecom Companies. This finding can be useful to telecom companies and their managers when attempting to understand the influence of organizational culture on organizational performance.

CONCLUSION

In India, many companies other than multi-nationals are not meeting the employee demands with reference to training and development and ultimately the gaps found in the required skills vis-a-vis attained skills have become so wide that inter-relationships of training and performance are badly disturbed. There is still a big gap between the knowledge and skills imparted and acquired in the institutions and its applications as seen in the industrial environments. Due to this gap, companies now feel that there should be a close liaison between such institutions and the industry so that employee development programs are made more purpose oriented. There are training institutions which offer customized as well as off-the-shelf programs based on their client's business operations but yet, there is much to be improved. Therefore, training and development cannot be disconnected from the business activities of the organizations; on the contrary, this is the area that clearly illustrates positive relationships between training activities and the organizational performance. In particular it is recognised that an effective training and development policy can be a crucial factor in addressing inequalities in employment in relation to race, gender and disabilities. It is recommended that organization produce a training and development plan, the aim of which shall be to empower all employees to carry out their roles to the highest standards, and deliver high quality services to customer. In these guidelines, training and development are broadly defined as those activities aimed at raising the standards of employee practice and thus lifting the quality of the employees, and customers learning and organisation experiences. The model indicates that organisational culture correlates with work-related attitudes (job satisfaction, organisational commitment and job



involvement); work-related attitudes correlate with work behaviour (turn over intention, job performance and voluntary absenteeism); then both work-related attitudes and work behaviour correlate with organisational performance. Meaning, the structural model eliminates the relationship (either direct or indirect) between organisational culture and organisational performance.

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